milieu and alienation of the individuals from family and society are some of the major reasons reported for the distress situation of the farmers leading to suicide.

Keeping in view the extreme conditions of the farmers and to address the issue of farmer's distress, the Government of the India has announced a rehabilitation package in the identified 31 debt stressed districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra.

To ensure that the farmer receives Short-Term Production Credit at 7% upto Rs. 3 lacs on the principal amount, from Kharif 2006 the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative Banks on their lending from their own resources and concessional refinance by NABARD to Cooperative Banks and RRBs.

(c) to (e) Reserve Bank of India set up a Technical Group to review the efficacy of the existing legislative framework that governs money lending as also the enforcement machinery in different States and make recommendations for its improvement.

The report of the Group has been submitted and is placed on the website of RBI for comments of the stakeholders. The process of consultation is to take some time as the report has been sent to all the State Government also for their comments. In the circumstances no time frame for its implementation can be specified.

The model legislation proposed by the Technical Group, *Inter-alia,* provides for the following:

- a simple and hassle free procedure for compulsory registration and periodical renewal of their registration by money lenders;
- a simplified dispute resolution mechanism to ensure better enforcement;
- adoption of the rule of 'Damdupat' restricting the maximum amount of interest chargeable by the money lender.

Plan for merging Regional Rural Banks

779. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has chalked out a plan to merge thirteen more Regional Rural Banks (RRBs) as a part of its consolidation strategy to make them viable;

(b) whether it is also a fact that with these mergers the total number of RRBs in India drops to eighty two from the present ninety five; and

(c) if so, the details about the criteria for proposed mergers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) As per section 23A of Regional Rural Banks (RRBs) Act, 1976 the Government had initiated a process for amalgamation of RRBs sponsored by the same Bank within a State in consultation with National Bank for Agriculture and Rural Development (NABARD), State Government concerned and the Sponsor Bank, in September, 2005. As a result thereof, 147 RRBs have been amalgamated into 46 RRBs. The Consultation Process is on with NABARD, State Government concerned and the Sponsor Banks to explore the feasibility of amalgamation of RRBs, sponsored by the same Bank within a State.

(b) The total number of RRBs would depend upon the number of RRBs amalgamated.

(c) The criteria for amalgamation is that it should be in the public interest or in the interest of development of the area served by the RRB or in the interest of RRBs themselves, as per the provisions of Section 23A of RRBs Act, 1976 for amalgamation of RRB.